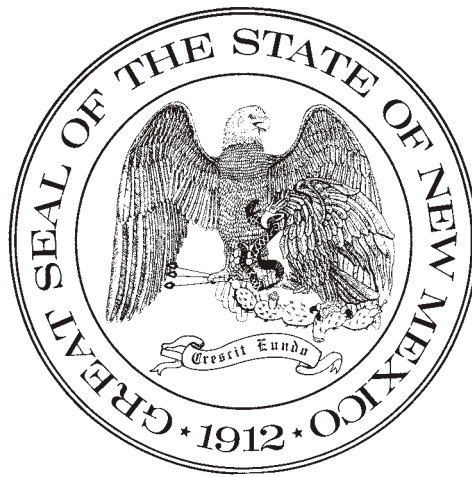


**Mortgage Finance Authority Act Oversight  
Committee**

**2006  
INTERIM REPORT**



**New Mexico State Legislature  
*Legislative Council Service*  
411 State Capitol  
Santa Fe, New Mexico**

MORTGAGE FINANCE AUTHORITY ACT  
OVERSIGHT COMMITTEE

FINAL REPORT  
2006 INTERIM

Legislative Council Service  
December 2006

## MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

### 2006 Interim Report

The Mortgage Finance Authority Act oversight committee was created by a provision included in the Mortgage Finance Authority Act, enacted in 1975 by Laws 1975, Chapter 303, Section 5, as amended. That provision is now compiled as Subsection W of Section 58-18-5 NMSA 1978. The subsection also specifies a statutory duty:

W. Subject to any agreement with bondholders and noteholders, to make, alter or repeal, subject to prior approval by the Mortgage Finance Authority Act oversight committee, hereby created, to be composed of four members appointed by the president pro tempore of the senate and four members appointed by the speaker of the house of representatives, such rules and regulations with respect to its operations, properties and facilities as are necessary to carry out its functions and duties in the administration of the Mortgage Finance Authority Act.

Expansion of the committee's duties is found in Section 2-12-5 NMSA 1978, where it is authorized and directed to:

A. determine and monitor the actual distribution of funds derived by the authority from bond issues and other activities of the authority under the provisions of the Mortgage Finance Authority Act, both on a geographical basis and on the basis of the actual distribution to participants in its programs;

B. monitor the authority in its control of the issuance of mortgage commitments;

C. meet on a regular basis to receive and evaluate periodic reports from the authority as to its enforcement of the provisions of the Mortgage Finance Authority Act and the regulations adopted pursuant thereto; and

D. require the authority to document the need to the oversight committee regarding the issuance of any bonds.

The committee met six times during the 2006 interim. This report contains the committee's work plan, budget and minutes. The committee members were:

#### VOTING MEMBERS

Rep. Fred Luna, Chair (June-July)

Sen. Nancy Rodriguez, Vice Chair

Rep. Daniel P. Silva, Chair (August-November)

Rep. Thomas A. Anderson

Sen. Mark Boitano

Rep. Roberto "Bobby" J. Gonzales

Sen. Cisco McSorley

Sen. Leonard Lee Rawson

Rep. Teresa A. Zanetti

#### ADVISORY MEMBERS

Rep. Daniel R. Foley

Sen. Phil A. Griego

Sen. John T. L. Grubestic

Sen. Richard C. Martinez

Sen. Steven P. Neville

Rep. Harriet I. Ruiz

Sen. H. Diane Snyder

STAFF

Ramona Schmidt

At its last meeting in November, the committee endorsed the following legislative proposals:

- an amendment to the Affordable Housing Act;
- an emergency repair/"rehab lite" fund appropriation of \$2,000,000; and
- a weatherization assistance appropriation of \$1,000,000.

**2006 APPROVED**  
**WORK PLAN AND MEETING SCHEDULE**  
**for the**  
**MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**Members**

Rep. Fred Luna, Chair  
Sen. Nancy Rodriguez, Vice Chair  
Rep. Thomas A. Anderson  
Sen. Mark Boitano

Sen. Cisco McSorley  
Sen. Leonard Lee Rawson  
Rep. Harriet I. Ruiz  
Rep. Teresa A. Zanetti

**Advisory Members**

Rep. Daniel R. Foley  
Rep. Roberto "Bobby" J. Gonzales  
Sen. Phil A. Griego  
Sen. John T.L. Grubescic

Sen. Richard C. Martinez  
Sen. Steven P. Neville  
Rep. Daniel P. Silva  
Sen. H. Diane Snyder

The Mortgage Finance Authority Act oversight committee was created pursuant to the provisions of Section 58-18-5 NMSA 1978, and Subsection W of that section provides that:

subject to any agreement with bondholders and noteholders, to make, alter or repeal, subject to prior approval by **the Mortgage Finance Authority Act oversight committee, hereby created, to be composed of four members appointed by the president pro tempore of the senate and four members appointed by the speaker of the house of representatives**, such rules and regulations with respect to its operations, properties and facilities as are necessary to carry out its functions and duties in the administration of the Mortgage Finance Authority Act.

Pursuant to the provisions of Section 2-12-5 NMSA 1978, the committee is further authorized and directed to:

- A. determine and monitor the actual distribution of funds derived by the New Mexico mortgage finance authority (MFA) from bond issues and other activities of the MFA under the provisions of the Mortgage Finance Authority Act, both on a geographical basis and on the basis of the actual distribution to participants in its programs;
- B. monitor the MFA in its control of the issuance of mortgage commitments;
- C. meet on a regular basis to receive and evaluate periodic reports from the MFA as to its enforcement of the provisions of the Mortgage Finance Authority Act and the regulations adopted pursuant thereto; and

- D. require the MFA to document the need to the oversight committee regarding the issuance of any bonds.

In addition to carrying out its statutory responsibilities, the committee proposes to focus on the following areas of legislative concern during this interim:

- (1) the housing trust fund;
- (2) affordable housing tax credit;
- (3) workforce housing development update;
- (4) support for House Joint Resolution 8, the constitutional amendment for affordable housing, passed during the 2006 legislative session; and
- (5) proposed amendment to the New Mexico interagency behavioral health purchasing collaborative/supportive housing program.

#### **2006 APPROVED MEETING SCHEDULE**

<u>Location</u>	<u>Date</u>
Albuquerque	June 20
Albuquerque	July 20
Albuquerque	August 22
Albuquerque	September 7
Albuquerque	October 12
Albuquerque	November 14

Revised: June 14, 2006

**TENTATIVE AGENDA  
for the  
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**June 20, 2006  
Mortgage Finance Authority Office  
344 Fourth Street SW  
Albuquerque, New Mexico**

**Tuesday, June 20**

10:00 a.m.    **Call to Order by the Chair**  
—Representative Fred Luna

**Introduction of Mortgage Finance Authority (MFA) Staff**  
—Jay Czar, MFA

**Development of Committee Work Plan and Review of Schedule of Meetings**  
—Ramona Schmidt

**MFA 2006 Handbook — Overview**  
—Erin Quinn and Lionel Holguin

**Informational Items**  
—Legislative Update  
                 —Lionel Holguin and David Schmidt  
—MFA's Strategic Plan  
—Town Hall Meetings/Marketing and Outreach

**Proposed Issues for the Work Plan**  
—Housing Trust Fund/Affordable Housing Tax Credit  
—Workforce Housing Development  
—Proposed Amendment to New Mexico Interagency Behavioral Health  
                 Purchasing Collaborative/Supportive Housing

**Adjournment**

**TENTATIVE AGENDA**  
**for the**  
**MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**July 20, 2006**  
**Mortgage Finance Authority Office**  
**344 Fourth Street SW**  
**Albuquerque, New Mexico**

**Thursday, July 20**

10:00 a.m.    **Call to Order by the Chair**  
                  —Representative Fred Luna

**Town Hall Meeting(s) Briefing**  
                  —Jay Czar, Executive Director, Mortgage Finance Authority (MFA)

**Homeownership Programs**  
                  —Erik Nore, MFA Staff

**Workforce Housing Development Program Update**  
                  —Erin Quinn, MFA Staff  
                  —Joseph Montoya, MFA Staff

**Adjournment**

**TENTATIVE AGENDA  
for the  
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**August 22, 2006  
Mortgage Finance Authority Office  
344 Fourth Street SW  
Albuquerque, New Mexico**

**Tuesday, August 22**

**10:00 a.m.    Call to Order**

—Representative Daniel P. Silva, Chair

**Housing Development Programs**

—MFA Staff and Invited Guest Speaker(s)

—Single Family For-Sale Housing Development Programs

—Multifamily Rental Housing Development Programs

—Current Constraints and Gaps

—Proposed Initiatives

**Approval of June 20 and July 20, 2006 Minutes**

**Adjournment**

**TENTATIVE AGENDA  
for the  
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**September 7, 2006  
Mortgage Finance Authority Office  
344 Fourth Street SW  
Albuquerque, New Mexico**

**Thursday, September 7**

**10:00 a.m.    Call to Order by the Chair  
                  —Representative Daniel P. Silva**

**Targeted Initiatives  
—MFA Staff and Invited Guest Speaker(s)  
                  —Housing for Individuals and Families Experiencing  
Homelessness  
                  —Permanent Supportive Housing  
                  —Weatherization Assistance Program  
                  —Housing for People with Disabilities  
                  —Housing for Colonias Residents  
                  —Tribal Housing**

**Tax Exempt Mortgage Revenue Bond Allocation Review  
—MFA Staff**

**Approval of June 20, July 20 and August 22, 2006 Minutes**

**Adjournment**

**TENTATIVE AGENDA  
for the  
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**October 12, 2006  
Mortgage Finance Authority Office  
344 Fourth Street SW  
Albuquerque, New Mexico**

**Thursday, October 12**

10:00 a.m.    **Call to Order by the Chair**  
—Representative Daniel P. Silva

**Approval of June 20, July 20, August 22 and September 7, 2006 Minutes**

**Proposed 2007 Legislative Agenda**  
—Erin Quinn and Lionel Holguin

**New Mexico Housing Trust Fund Update**  
—Erin Quinn

**Workforce Housing Development Program Update**  
—Joseph Montoya and Erin Quinn

**Constitutional Amendment**  
—Erin Quinn

**DRAFT 2007 Strategic Plan**  
—Izzy Hernandez and Linda Bridge

**Adjournment**

**TENTATIVE AGENDA  
for the  
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**November 14, 2006  
Mortgage Finance Authority Office  
344 Fourth Street SW  
Albuquerque, New Mexico**

Tuesday, November 14

10:00 a.m.    **Call to Order**  
—Representative Daniel P. Silva, chair

**Approval of Minutes**

**New Mexico Mortgage Finance Authority (MFA) Strategic Plan**  
—Izzy Hernandez and Linda Bridge, MFA Staff

- 2006 Strategic Plan Progress Report
- 2007 Strategic Plan Presentation

**MFA Amended Rules and Regulations**  
—Marjorie Martin, MFA

**MFA-Supported Initiatives**  
—New Mexico Coalition to End Homelessness Legislative Agenda  
—Hank Hughes and Lisa LaBrecque, New Mexico Coalition to End Homelessness

**MFA-Sponsored Initiatives**  
—Erin Quinn and Lionel Holguin, MFA Staff

- Emergency Repair/"Rehab Lite" Fund Appropriation
- Weatherization Assistance Program Appropriation
- Workforce Housing Development Program Appropriation

**Governor's Finance Council Initiatives**  
—Erin Quinn, MFA

**Adjourn**

**MINUTES  
of the  
FIRST MEETING  
of the  
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**June 20, 2006  
Mortgage Finance Authority Office  
344 Fourth Street SW  
Albuquerque, New Mexico**

The first meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Representative Fred Luna, chair, on June 20, 2006 at 10:10 a.m.

**Present**

Rep. Fred Luna, Chair  
Sen. Nancy Rodriguez, Vice Chair  
Rep. Thomas A. Anderson  
Sen. Mark Boitano  
Sen. Leonard Lee Rawson  
Rep. Harriet I. Ruiz  
Rep. Teresa A. Zanetti

**Absent**

Sen. Cisco McSorley

**Advisory Members**

Rep. Daniel R. Foley  
Rep. Roberto "Bobby" J. Gonzales  
Sen. John T.L. Grubesic  
Sen. Richard C. Martinez  
Rep. Daniel P. Silva

Sen. Phil A. Griego  
Sen. Steven P. Neville  
Sen. H. Diane Snyder

**Staff**

Ramona Schmidt

**MFA Staff**

Jay Czar  
Sandra Marez  
Lionel Holguin  
Erin Quinn

**Guests**

The guest list is in the meeting file.

## **Tuesday, June 20**

Committee members introduced themselves to the audience members.

Jay Czar, executive director, introduced the MFA staff and reviewed recent organization changes. Erin Quinn presented an overview of the MFA 2006 handbook, which includes a review of the MFA board of directors, the MFA organizational chart, the MFA mandate, mission, vision and core values, MFA rules and regulations, the MFA strategic plan/dashboard, estimated resources available to MFA, single family, multifamily and targeted initiatives and production sheets.

Representative Luna asked committee members to review the proposed calendar. The committee discussed the meeting schedule and approved the dates as proposed with the exception of the September date. The committee requested the September meeting be moved to September 5 or 7. It is the committee's preference to hold all meetings in Albuquerque. The scheduled meetings will begin at 10:00 a.m. at the MFA Office in Albuquerque.

MFA staff reviewed the housing-related legislation that was enacted during the 2006 legislative session, including House Joint Resolution 8, the constitutional amendment for affordable housing.

Senator Rawson addressed concern with Smiley Gallegos being appointed to the New Mexico Housing Trust Fund Advisory Committee due to a perceived conflict caused by his role as executive director of the Region III Housing Authority. It was noted the Region III Housing Authority recently defaulted on \$2.5 million of bonds that the State Investment Council purchased. Senator Rawson requested a letter be sent to the speaker asking that Mr. Gallegos be removed from his role as an appointee to the advisory committee. A motion was duly made supporting submission of the letter, which was seconded and unanimously adopted.

Senator Boitano asked if MFA has reviewed zoning ordinances' effect on affordability of housing and suggested that MFA look at the feasibility of loans on manufactured housing on permanent foundations that would be considered real estate. Ms. Quinn stated she was unaware of any study on zoning ordinances and their effect on the affordability of housing and suggested adding it to the work plan if the committee so desires. She noted that manufactured housing attached to a permanent foundation does qualify for financing under MFA programs if it meets secondary market underwriting guidelines.

Discussion occurred regarding the anti-donation clause and the effect on a number of affordable housing programs, including the Hero Program. Ms. Quinn reviewed the five main areas of the strategic plan and their objectives as established by MFA staff. She noted the staff reviews each area monthly for objectives and designates whether the areas are marked as "on target" or "caution".

Mr. Holguin reviewed the final report of the legislative bills from the 2006 legislative session. David Schmidt addressed the committee regarding the funding for homeless programs and stated the past session saw more legislators asking for specific funding for the homeless

programs in the communities of their specific districts, which results in less coordinated effort throughout the state. Representative Foley suggested homeless programs be set up to go through MFA rather than to a state agency.

Committee members discussed the coordination of funding of programs that fall under the purview of the MFA and the possibility of MFA functioning as a clearinghouse for those funds. Also addressed was the difficulty of money going directly to the programs that have been funded and the variances in time that the funds are received throughout districts in the state.

Ms. Quinn reviewed the current funding for the Housing Trust Fund and stated a more comprehensive report will be presented before the committee regarding the Housing Trust Fund. Mr. Holguin reminded committee members that when the MFA asks for support, it is an investment into economic development as opposed to a handout, since all investments come back to the state. Representative Gonzales stated that when addressing legislation with affordable housing, the committee and staff should also consider affordable land in conjunction with different programs. Senator Rodriguez noted the importance of the committee members' support for HJR 8, which would allow the state more options in providing affordable housing.

Ms. Quinn reviewed upcoming town hall meetings offered by the MFA throughout the state. She noted the meetings will involve all pertinent impacted entities to be involved in frank discussions addressing housing-related issues. Representative Gonzales asked that legislators be involved when looking at areas for the next year for future town hall meetings. Committee members requested that if MFA staff are going to be in a legislator's district, they should notify the legislator ahead of time.

Senator Rodriguez asked Ms. Schmidt to request the Legislative Council to approve per diem for any voting or advisory member who attends any of the town hall meetings, and that this per diem be separate from the per diem granted for the Sixth Biennial Governor's Housing Summit.

Proposed issues for the work plan were reviewed by Ms. Quinn and included the constitutional amendment proposed by HJR 8, the Housing Trust Fund, the affordable housing tax credit update, the workforce housing development update and a proposed amendment to the New Mexico Interagency Behavioral Health Purchasing Collaborative/Supportive Housing Statute. Senator Rodriguez asked if committee members had any other specific issues to add to the work plan.

There being no further business, the committee adjourned at 11:57 a.m. after a motion duly made, seconded and unanimously adopted.

Materials distributed at the meeting are in the meeting file in the Legislative Council Service library.

**MINUTES  
of the  
SECOND MEETING  
of the  
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**July 20, 2006  
Mortgage Finance Authority Office  
344 Fourth Street SW  
Albuquerque, New Mexico**

The second meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Senator Nancy Rodriguez, vice chair, on July 20, 2006 at 10:20 a.m.

**Present**

Sen. Nancy Rodriguez, Vice Chair  
Rep. Thomas A. Anderson  
Sen. Mark Boitano  
Sen. Leonard Lee Rawson  
Rep. Harriet I. Ruiz  
Rep. Teresa A. Zanetti

**Absent**

Rep. Fred Luna, Chair  
Sen. Cisco McSorley

**Advisory Members**

Rep. Roberto "Bobby" J. Gonzales  
Sen. John T.L. Grubestic  
Sen. Richard C. Martinez  
Sen. H. Diane Snyder

Rep. Daniel R. Foley  
Sen. Phil A. Griego  
Sen. Steven P. Neville  
Rep. Daniel P. Silva

**Staff**

Ramona Schmidt

**MFA Staff**

Jay Czar  
Izzy Hernandez  
Lionel Holguin  
Sandra Marez  
Erin Quinn

**Thursday, July 20**

Jay Czar addressed the committee regarding the recent town hall meetings held in Las Vegas, Farmington, Albuquerque, Las Cruces and Roswell and stated they were well attended. Mr. Czar said there is great concern about affordable housing throughout the state and noted there is some uniqueness in cities such as Las Vegas, which has a moratorium on new building due to water concerns. Other issues throughout the state include the need for more partnering through leadership in the communities; a need for homebuyer education for individuals with poor credit and lack of eligibility to buy, including post-purchase economic issues; workforce housing in numerous cities throughout the state; affordable housing for middle-income individuals; and the need for more skilled labor and contractors. Mr. Czar noted the MFA may

have to create some new programs to meet some of the needs of the state. There will be more targeted meetings in the future throughout communities within the state. He stated MFA staff are assessing the information gathered during the town hall meetings for priorities and needs.

In response to an inquiry by the committee as to whether stuccoing of a manufactured house is allowed, staff stated that it is not currently allowed within the weatherization program. It was noted that Dona Ana County is number one in the use of manufactured homes in the country and the policies passed may have a negative impact on affordable housing. Committee members suggested that Mr. Czar present some of the issues raised during the town hall meetings before the Legislative Education Study Committee, including the need for more skilled labor and vocational education within the public school system. Mr. Czar stated the Hero Program, which is very popular, was started with \$10 million but that money went very quickly and there is difficulty keeping the funding going. He noted MFA staff are speaking with everyone they can to keep the program going but it may need to be managed differently than the pilot program.

Erik Nore, MFA staff, addressed the committee regarding homeownership programs. Mr. Nore presented information on tax code criteria, first-time homebuyer, income limits, acquisition cost limits, income limits for targeted areas, acquisition cost limits targeted areas, single-family residence, owner-occupied and recapture issues. He reviewed three first mortgage programs, including: the MortgageSaver, the MortgageSaver Zero and the MortgageSaver Plus. He also reviewed the Mortgage Booster Program, the Payment Saver and Helping Hand, including origination fees.

Committee members raised issues regarding homebuyer education on funding through the various programs, and progress on the distribution of MFA funds for use throughout the state. MFA will provide committee members with a glossary of the abbreviations used in the housing industry.

Erin Quinn and Joseph Montoya gave an update on the Workforce Housing Development Program. Ms. Quinn noted that providing housing for essential workforce is increasingly becoming an economic development issue. She reviewed the Workforce Development Program, which is targeted to employers that may have land but may not have other resources for addressing workforce housing. Employers that wish to provide land to a workforce housing development project will work in conjunction with a master developer, UniDev, selected through a competitive request-for-qualifications process to serve as a project sponsor's "owner's representative". Ms. Quinn reviewed the parameters of the program, which include threshold criteria required in order to apply for feasibility study matching funds under the Workforce Housing Development Program and how the program works. She stated that at this time it is mostly municipalities and state agencies that are interested in the program.

Senator Rodriguez thanked the staff for their presentations. There being no further business, the committee adjourned at 11:57 a.m. after a motion duly made, seconded and unanimously adopted.

Materials distributed at the meeting are in the meeting file in the Legislative Council Service Library.

**MINUTES  
of the  
THIRD MEETING  
of the  
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**August 22, 2006  
Mortgage Finance Authority Office  
344 Fourth Street SW  
Albuquerque, New Mexico**

The third meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Representative Daniel P. Silva, chair, on August 22, 2006 at 10:14 a.m. Representative Silva stated that he looks forward to working with the committee and acknowledged Representative Luna's dedication to the committee.

**Present**

Rep. Daniel P. Silva, Chair  
Sen. Nancy Rodriguez, Vice Chair  
Rep. Thomas A. Anderson  
Sen. Mark Boitano  
Rep. Roberto "Bobby" J. Gonzales  
Sen. Cisco McSorley  
Sen. Leonard Lee Rawson  
Rep. Teresa A. Zanetti

**Absent**

**Advisory Members**

Sen. John T.L. Grubestic

Sen. Richard C. Martinez  
Rep. Harriet I. Ruiz

Rep. Daniel R. Foley

Sen. Phil A. Griego  
Sen. Steven P. Neville  
Sen. H. Diane Snyder

**Staff**

Ramona Schmidt

**MFA Staff**

Linda Bridge  
Michelle Den Bleyker  
Jay Czar  
Lionel Holguin  
Sandra Marez  
Joseph Montoya  
Erin Quinn  
Ernest Rodriguez-Naaz

**Tuesday, August 22**

Mr. Czar introduced Linda Bridge, director of the MFA Housing Development Department, who presented before the committee on the funding tools for affordable housing

development. She introduced Michelle Den Bleyker, program manager, and then spoke about the programs and what has been funded. The programs reviewed included the Primero Loan Program, which is funded with MFA housing opportunity funds that allow for flexibility. This program is commonly used for predevelopment and construction financing; long-term loans for special initiatives such as tribal trust lands and colonias; and loan guarantees. Ms. Bridge stated that \$8,848,039 has been funded to date and \$7,650,359 has been funded since the program was restructured in 2002. She noted there have been 2,945 units assisted since the program was established in 1993.

Ms. Bridge reviewed the REVIVE Rehab Program at the Pueblo of Laguna, which targets individuals with very low incomes, and uses funding from the Primero Loan Program. Ms. Den Bleyker then reviewed the 542(c) FHA-Insured Mortgage Program and the USDA Rural Housing 538 Guaranteed Rural Rental Housing Program in risk-sharing. She noted the program is used for construction and permanent financing for rental housing. She stated \$127,076,800 has been funded to date and there have been loans to 3,622 units, including Aspen Ridge in southeast Albuquerque, Vista Montana in Las Cruces and the Sawmill Lofts in Albuquerque. The tax-exempt bond financing includes using private activity bond volume cap multifamily project allocations to finance rehabilitation or new construction of multifamily housing from the State Board of Finance, which is a qualified issuer of 501(c)(3) bonds with no bond cap needed.

In response to a request by a committee member, Mr. Czar stated that a financial update would be provided to committee members at the next meeting. Discussion occurred as to the interaction of the State Board of Finance when deciding what projects are approved for funding, and it was noted MFA is not always the bond issuer.

Ms. Den Bleyker stated the Federal Low-Income Housing Tax Credit (LIHTC) provides tax benefits to private sector investors in exchange for investments in affordable housing. It is the deepest federal subsidy for rental housing and can fund more than 50 percent of the financing needed to develop a project. LIHTC encourages private investment in low-income housing. There has been \$456 million allocated to date, with 11,548 units produced in 25 counties since MFA began administering the program in 1997. Examples of projects funded include Casa Bonita in Albuquerque. Examples of median income in the state were also reviewed.

The HOME Investment Partnerships Program for rental development includes "gap" financing that enhances affordability of rental developments. Ms. Den Bleyker stated \$23,228,420 has been funded to date and 3,061 units have been funded since MFA began administering the program in 1997. She said examples of projects funded include the Azotea senior apartments in Alamogordo and Casa del Rio in Truth or Consequences. Single-family development funding sources were reviewed, including Habitat for Humanity of Valencia County as an example of a funded project. Also reviewed by Ms. Den Bleyker was the New Mexico Affordable Housing Tax Credit, which grants tax credits to individuals, businesses and local governments that provide donations to affordable housing projects. She noted that the program includes eligible donations of land, buildings, cash and services and that credit given is equal to 50 percent of the value of the donation.

Ms. Den Bleyker reminded the committee members that the New Mexico Housing Trust Fund was created in the 2005 legislative session and was capitalized by a \$10 million

appropriation from state capital outlay, with an additional \$1 million funded in 2006. She stated that the program assists with infrastructure cost components of a wide range of activities and that applications are evaluated based on capacity, leverage, cost reasonableness, need and readiness. Funding priorities include home ownership housing development, workforce housing development, underserved geographic areas, short-term financing and low-income targeting. Ms. Quinn noted that this has been a great investment by the state because the \$10 million in state funding has leveraged over \$120 million in other funding sources. Ms. Den Bleyker shared some of the successes that have occurred, including 15 awards to 12 different projects representing over 20 different areas of the state. She noted that three projects have combined the New Mexico Housing Trust Fund and state tax credits and many others are combining these with HOME, federal tax credits or Primero. Examples include 21 new single-family housing units in Vado/Del Cerro, 64 new workforce housing rental units in Deming and four new rental town homes for AIDS patients and their families in Albuquerque.

MFA staff shared current constraints and gaps. Among those are the constitutional amendment to enhance an existing affordable housing exception to the anti-donation clause that is on the November 2006 ballot; rising costs/price appreciation; emergency needs constrained by federal requirements (especially for rehabilitation of existing units); funding for single-family development; funding for rental and operational assistance; and non-debt funding for special needs housing and shelters. Mr. Czar noted that with the recent rains occurring in the state, there is the growing issue of dealing with leaking roofs and possible structural damage. He said that currently, when using rehabilitation funds, all other code requirements must be met within the home, including wiring, structural, etc., but the proposed state constitutional amendment may help address this issue if funding is made available. The committee suggested working with the New Mexico congressional delegation to address federal issues that may affect emergency repairs and federal funding but noted there are federal regulations in place that apply to national disasters. A committee member noted that there are CID code issues with two competing building codes that would need to be addressed. Committee staff was asked to research this issue. Ms. Bridge noted that funding has an impact on all of these issues.

Joseph Montoya, deputy director, announced there will be an official opening of Casa Rufina in Santa Fe on Wednesday, August 30, from 11:30 a.m. to 1:00 p.m.

Discussion occurred as to the criteria involved when addressing rehabilitation versus rebuilding existing damaged housing units.

Senator Rawson asked staff for an update on the committee's June 20 request to submit a letter to Speaker Lujan regarding Mr. Gallegos' role as a member of the New Mexico Housing Trust Fund Advisory Committee. Ms. Schmidt informed the committee that a letter had been prepared for Representative Luna's signature but had not been returned. Senator Rawson made a motion that the letter be redrafted for Representative Silva's signature due to Representative Luna's departure. Committee members discussed issues related to the letter and Representative Luna's resignation. Senator Rawson asked staff to provide to each committee member a copy of the letter prepared for Representative Luna's signature, a letter clarifying Representative Luna's departure as chair of the committee and documentation of the New Mexico Housing Trust Fund Advisory Committee members and meeting attendance.

There being no further business, the committee adjourned at 12:20 p.m. after a motion duly made, seconded and unanimously adopted.

Materials distributed at the meeting are in the meeting file in the Legislative Council Service library.

**MINUTES  
of the  
FOURTH MEETING  
of the  
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**September 7, 2006  
Mortgage Finance Authority Office  
344 Fourth Street SW  
Albuquerque, New Mexico**

The fourth meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Representative Daniel P. Silva, chair, on September 7, 2006 at 10:10 a.m.

**Present**

Rep. Daniel P. Silva, Chair  
Sen. Nancy Rodriguez, Vice Chair  
Rep. Thomas A. Anderson  
Sen. Mark Boitano  
Rep. Roberto "Bobby" J. Gonzales  
Sen. Leonard Lee Rawson

**Absent**

Sen. Cisco McSorley  
Rep. Teresa A. Zanetti

**Advisory Members**

Rep. Daniel R. Foley  
Sen. Richard C. Martinez  
Rep. Harriet I. Ruiz

Sen. Phil A. Griego  
Sen. John T.L. Grubestic  
Sen. Steven P. Neville  
Sen. H. Diane Snyder

**Staff**

Ramona Schmidt

**MFA Staff**

Jay Czar  
Iris Encinias  
Izzy Hernandez  
Lionel Holguin  
David Mann  
Sandra Marez  
Erin Quinn  
Linda Thomas

**Thursday, September 7**

Ms. Thomas, MFA staff, presented on tax-exempt mortgage revenue bond allocation review. She reviewed the private activity bond cap, which is the annual limit on the dollar amount of private activity bonds that may be issued and noted that the cap is determined annually for each state under federal tax law. Ms. Thomas' review of the bond cap included what the limit is on tax-exempt bond issuance, the bond cap available for New Mexico in 2006, how the bond cap gets allocated in New Mexico and how issuers request and receive allocations of the bond cap. She informed the committee that she had included charts addressing the 10-

year history of allocations of multifamily issuers, requests and allocations by the State Board of Finance (SBOF) in 2006, the private activity bond volume cap allocation of state ceiling pre-July 1 allocations and the allocation of state ceiling for 1996 through 2006.

Committee members asked for clarification on the role of the SBOF, how entities can apply for funding for projects, the default or delinquency rate and tracking on multifamily projects, the competition for dollars with the New Mexico Educational Assistance Foundation (NMEAF) and the allocation of funds for housing and education. The committee requested information on what programs are offered through NMEAF. It was noted that one-third of the funding has been in the Albuquerque metro area through the Region III Housing Authority and the question was raised whether one entity is favored or if there is fair competition. MFA staff responded to the committee's concern, stating they had not noticed favoritism by SBOF in awards and noted that project economics tend to drive multifamily units in the metro area versus the rural areas of the state. It was noted that Region III had defaulted on a \$2.5 million loan and there are expectations it will default on another \$2.5 million loan. Discussion occurred on the role of the MFA, the separate ability of the regional housing authorities to receive funding for housing through the SBOF, oversight of the regional housing authorities, the possibility of affecting oversight through proposed legislation, the ongoing review of these issues and the role of the MFA Oversight Committee on this issue. In response to a concern raised regarding whether there is a system in place to throw up a red flag if there is a problem, Mr. Czar shared the audit and review process in place at MFA.

Mr. Hernandez presented before the committee on the homeless programs and the federal and state funding sources, the essential services, homelessness prevention, permanent supportive housing, the continuum of care match and the delivery system. The tenant-based rental assistance program was reviewed and included discussion on the purpose, the funding source, the delivery system, the funding for program years 2004, 2005 and 2006 and the budgets. Mr. Hernandez covered the HOPWA program, which is an entitlement program based on a renewable funding source pursuant to the number of HIV-positive diagnoses as reported to the Centers for Disease Control by New Mexico. He reviewed the purpose, funding sources, delivery system and the people affected.

Mark Allison, Supportive Housing Coalition of New Mexico, addressed the committee on the Permanent Supportive Housing Program and the individuals affected. Mr. Allison stated that last year the coalition was able to receive seed money to expand outside of Albuquerque to partner with different agencies in communities to create housing and build capacity to do housing on its own on second or third projects. He noted the first project is in Gallup for mixed income with a green design, and there are projects in Santa Fe and Las Vegas. The supportive services and resources for individuals, including those with mental disabilities, were discussed, as well as the huge issue with providing supportive services within communities throughout the state for behavioral health services. A document was shared with committee members that addresses the recommended allocations for emergency homeless programs.

Elena Gonzales, executive director for HOME New Mexico, presented to the committee the services offered through HOME New Mexico. She stated the organization's purpose, which is to help people with disabilities purchase their own homes through education, counseling and access to financial resources, has not changed since the inception of the program. Ms. Gonzales

shared some of the challenges facing the organization with the rising cost of homes in the Albuquerque area. She noted HOME New Mexico is partnered with some of the housing authorities to provide appropriate individual support.

The Weatherization Assistance Program (WAP) and the Owner-Occupied Housing Rehabilitation Program was addressed by Mr. Mann. He shared the purposes, funding sources, delivery systems and results of both programs. Mr. Mann stated the programs have certain guidelines that limit what can be done on home repairs and asked the committee to consider additional funding to meet the gap to allow for more comprehensive home repairs. He noted that if funding is increased, repair staffing would also need to be increased to meet the additional demand. It was clarified that the weatherization program is not only for owners but can be for tenants as well.

Mr. Hernandez reviewed the Colonias Program. He shared the draft on the program, which will be launched in the next month or two, pending board approval. Mr. Hernandez reviewed the background, program design and eligible partners. He noted there will need to be leverage on some other sources. He stated there are approximately 144 colonias in the state, which by federal definition are economically distressed areas located within 150 miles of the United States/Mexican border.

Ms. Encinias addressed the committee on the Native American Housing Initiative and stated it is a broadly defined technical assistance and capacity building program created in 1993 to promote the development of affordable owner-occupied, rental or special-needs residential facilities on Native American trust lands in New Mexico. She noted the services are provided directly by MFA staff as well as through a partnership arrangement with the Enterprise Foundation. The loan services provided and eligible participants were discussed.

In response to a question concerning the status of a letter concerning Mr. Gallegos' role on the New Mexico Housing Trust Fund Advisory Committee, Mr. Czar stated Mr. Gallegos had given a verbal resignation to Speaker Lujan. Senator Rodriguez asked that the June meeting minutes be changed to reflect that the motion to submit the letter was not approved unanimously.

Materials distributed at the meeting are in the meeting file in the Legislative Council Service library.

**MINUTES  
of the  
FIFTH MEETING  
of the  
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**October 12, 2006  
Mortgage Finance Authority Office  
344 Fourth Street SW  
Albuquerque, New Mexico**

The fifth meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Representative Silva, chair, on October 12, 2006 at 10:20 a.m.

**Present**

Rep. Daniel P. Silva, Chair  
Sen. Nancy Rodriguez, Vice Chair  
Rep. Thomas A. Anderson  
Sen. Mark Boitano  
Rep. Roberto "Bobby" J. Gonzales  
Sen. Leonard Lee Rawson  
Rep. Teresa A. Zanetti

**Absent**

Sen. Cisco McSorley

**Advisory Members**

Sen. Richard C. Martinez

Rep. Daniel R. Foley

Rep. Harriet I. Ruiz

Sen. Phil A. Griego  
Sen. John T.L. Grubestic  
Sen. Steven P. Neville  
Sen. H. Diane Snyder

**Staff**

Ramona Schmidt

**MFA Staff**

Jay Czar  
Izzy Hernandez  
Lionel Holguin  
Sandra Marez  
Erin Quinn

**Guests**

The guest list is in the meeting file.

## **Thursday, October 12**

A motion was made to approve the minutes from the June 20, July 20, August 22 and September 7 meetings, which was seconded and unanimously adopted.

Ms. Quinn invited committee members to the Sixth Biennial Governor's Housing Summit and reviewed the proposed agenda. Representative Silva recommended that committee members attend if possible.

### **Proposed 2007 Legislative Agenda**

Ms. Quinn and Mr. Holguin presented the MFA-proposed legislative agenda for the 2007 legislative session to the committee. Discussion occurred on some of the legislation that is being directed through the Governor's Office.

Mr. Czar stated that Lawrence Rael is serving as director of the Region III Housing Authority. In response to a question as to the oversight and auditing authority over all regional housing authorities, Ms. Quinn stated that in statute, the state auditor has auditing authority. Ms. Quinn noted that each regional housing authority varies in what functions it administers. Discussion occurred on reform of regional housing authorities, bond rates available through the MFA and possible duplication of services through the MFA and the regional housing authorities.

Ms. Quinn stated that the MFA is looking for a \$2.5 million appropriation for the EnergySavers Program to assist with incentivization for energy-efficient buildings. She noted that the impact on the passage of the proposed constitutional amendment would result in the elimination of a technical barrier; currently, the loans for the Housing Trust Fund are for infrastructure cost only in order to meet provisions of the antidonation clause. Ms. Quinn stated that the loans are below market rate and structured in terms of favorability to the borrowers. It is likely the \$11 million currently funded for the Housing Trust Fund will be spent before the end of this fiscal year and, given only the ability to finance infrastructure, if the constitutional amendment passes, there will be an increased need for funding.

Discussion occurred as to the effect on housing costs in Deming and Columbus from the increase in border patrols, which has resulted in an increase in the local economy. The MFA is responding to this issue and will meet with officials from Deming to see how individuals in the area may benefit from MFA programs.

Ms. Quinn stated that the MFA will be requesting \$2 million in recurring funding for the HERO Program to buy down interest rate on taxable bonds. The total units resale in Bernalillo County is approximately 14,000 and the new unit sale is approximately 8,000.

MFA-sponsored initiatives were reviewed and include the Emergency Repair/"Rehab Lite" Fund appropriation for \$2 million, which cannot currently be done under the HUD Program; the Weatherization Assistance Program for a \$1 million appropriation to leverage Department of Finance and Administration funding; and the Workforce Housing Development Program appropriation request for \$100,000 for a feasibility analysis. Ms. Quinn updated the committee on the Workforce Housing Development Program and the varying issues faced by the

essential workforce throughout the state. She stated the community of Clayton is involved in the Workforce Housing Development Program through the state Corrections Department.

Ms. Quinn stated that there are a number of programs that the MFA supports but does not necessarily sponsor. These include the New Mexico Coalition to End Homelessness, the Human Services Department and the Department of Health supportive housing appropriations, technical corrections to the Deed of Trust Act, the Governor's Task Force on "Our Communities, Our Future" housing-related agenda, changes to land lease provisions in Corrections Department statutes and local option gross receipts tax exemption for affordable housing.

Ms. Quinn reminded committee members that the legislative requests will be presented in more detail at the November meeting.

### **Constitutional Amendment**

Ms. Quinn stated that Constitutional Amendment 4 is a measure to eliminate a technical barrier to allow the state to provide low-interest loans to first-time buyers for affordable housing. The proposed amendment to Article 9, Section 14 of the Constitution of New Mexico would permit the state, an instrumentality of the state and local governments to provide or pay a portion of the cost of land, buildings or necessary financing for affordable housing projects. Ms. Quinn reviewed some of the issues currently limiting the MFA by the existing anti-donation clause. Discussion occurred regarding the MFA's assistance of entities under the land grants, the interaction of federal and state laws impacting the MFA programs, FEMA regulations and the variation in program funding that could occur if the amendment passes. Ms. Quinn shared some of the issues being faced on the passage of the constitutional amendment. She noted that there is a committee working on the issues related to its passage.

### **DRAFT 2007 Strategic Plan**

Due to time constraints, Mr. Hernandez and Linda Bridge, MFA staff, will address the committee on this item at the November MFA meeting.

There being no further business, the committee adjourned at 11:57 a.m. after a motion duly made, seconded and unanimously adopted.

Materials distributed at the meeting are in the meeting file in the Legislative Council Service Library.

**MINUTES  
of the  
SIXTH MEETING  
of the  
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**November 14, 2006  
Mortgage Finance Authority Office  
344 Fourth Street SW  
Albuquerque, New Mexico**

The sixth meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Senator Nancy Rodriguez, vice chair, on November 14, 2006 at 10:10 a.m.

**Present**

Sen. Nancy Rodriguez, Vice Chair  
Rep. Thomas A. Anderson  
Sen. Mark Boitano  
Rep. Roberto "Bobby" J. Gonzales  
Sen. Cisco McSorley  
Sen. Leonard Lee Rawson

**Absent**

Rep. Daniel P. Silva, Chair  
Rep. Teresa A. Zanetti

**Advisory Members**

Sen. John T.L. Grubestic

Rep. Daniel R. Foley

Rep. Harriet I. Ruiz

Sen. Phil A. Griego  
Sen. Richard C. Martinez  
Sen. Steven P. Neville  
Sen. H. Diane Snyder

**Staff**

Doris Faust

**MFA Staff**

Jay Czar  
Izzy Hernandez  
Lionel Holguin  
Sandra Marez  
Erin Quinn

**Guests**

The guest list is in the meeting file.

## **Tuesday, November 14**

Mr. Czar informed the committee of Governor Richardson's announcement that the current regional housing authorities would be dismantled, and that the MFA would be taking over the duties previously handled by the regional housing authorities. The committee discussed staffing issues resulting from the increased responsibility.

A motion was made to approve the minutes from the October 12 meeting, which was seconded and unanimously adopted.

### **New Mexico Mortgage Finance Authority Strategic Plan**

Mr. Hernandez and Linda Bridge, MFA staff, provided a progress report on the MFA 2006 strategic plan. The 2006 strategic plan contained five major goals, including:

- financing, producing and preserving housing;
- managing assets for quality, stability and risk control;
- targeting goals for profitability and sustainability of the MFA;
- project innovation, creation and implementation; and
- aligning internal resources strategically and operationally.

The five major goals were broken down into more specific tasks and concrete goals, which were largely met.

The committee discussed the MFA's loan delinquency rate and default rate, and the steps being taken to reduce those rates. The committee also discussed the MFA's goal to lend \$80 million for new rental housing, and whether lending so much for new rental properties might work to the detriment of existing landlords. Ms. Bridge noted that the MFA almost achieved a return-on-asset rate of six-tenths of one percent. The committee requested that fewer acronyms be used in future reports.

Mr. Hernandez presented the draft MFA strategic plan for 2007. The MFA retains its five primary goals and core values from the 2006 plan, but has changed some of the targeted production numbers.

The committee noted that the rental market is soft, questioned whether a \$5 million reduction for lending on rental housing was enough of a reduction and asked the MFA to be very sure that it is not putting additional rental housing where none is needed. Ms. Bridge stated that the rental market is cyclical and agreed that, in some markets, there is no need for additional rental units that rent at the market rate. She noted, however, that even in those markets, there may be a need for affordable rental units.

In light of the soft rental market and the fact that investors are purchasing one of four homes in Bernalillo and Sandoval counties, the committee requested that the MFA look into using some of the funds allocated to rental housing for second mortgages.

The committee discussed the availability of financing for manufactured homes and noted that the MFA should be cautious of making loans on this type of depreciating asset. The committee also discussed the MFA's bond rating and the pros and cons of seeking a higher rating. Mr. Hernandez noted that the MFA is currently getting the best available interest rate and

that a higher bond rating would not yield a better interest rate. MFA management has concluded that the state is better served by putting more money into programs, than it would be by putting more money into reserves.

The committee discussed reverse mortgages and expressed concern about such loans. Ms. Bridge reported that the MFA is only looking into reverse mortgages, but has not set up any programs for reverse mortgages.

### **MFA Amended Rules and Regulations**

Marjorie Martin, MFA counsel, reviewed proposed changes to the MFA rules and regulations. The proposed changes clean up minor technical errors, such as deletion of redundant terms, correction of an alphabetical problem in definitions and other minor editing. The changes also make the rules gender-neutral.

Senator Rawson recommended changing the proposed language of Section 5.1(B) from "his or her (their) principal residence" to "owner's principal residence". The committee approved this change. After a motion duly made, seconded and unanimously adopted, the committee adopted the proposed changes to the MFA rules and regulations.

### **MFA-Supported Initiatives**

Hank Hughes and Lisa LaBrecque of the New Mexico Coalition to End Homelessness presented the coalition's policy priorities. The coalition would like to strengthen affordable housing by creating a recurring source of funding and a set-aside that meets the needs of very-low-income people. The coalition would also like to increase state funding for homeless programs by \$500,000. Ms. LaBrecque reported that such an increase would actually be a cost savings, in that the cost per person per night for support housing is substantially less than the cost of housing prison inmates or the cost per night of hospital care.

### **MFA-Sponsored Initiatives**

Ms. Quinn and Mr. Holguin, MFA staff, presented initiatives supported by the MFA for the 2007 legislative session. They include:

- a \$2.5 million appropriation for a weatherization program for up to 5,000 homes;
- the New Mexico Coalition to End Homelessness agenda;
- a \$4 million nonrecurring and a \$1 million recurring appropriation for the Human Services Department and the federal Department of Housing and Urban Development;
- technical corrections to the Deed of Trust Act;
- changes to the land-lease provision in the Corrections Department statute; and
- a local option gross receipts tax exemption for affordable housing.

The committee also endorsed the following bills:

- an amendment to the Affordable Housing Act, Senator Rodriguez sponsor;
- a \$2 million appropriation for emergency repair of roofs, Representative Gonzales sponsor;

- a \$1 million appropriation for a weatherization assistance program, Senator Martinez sponsor; and
- an amendment to the State Investment Council Act, Senator Grubestic sponsor.

**Governor's Finance Council Initiatives**

Ms. Quinn presented the Governor's Finance Council initiatives for the 2007 legislative session. They include:

- regional housing authority reform;
- a \$15 million nonrecurring appropriation for the New Mexico Housing Trust Fund;
- a \$2 million appropriation for the Home Equity with Retired Occupation program; and
- a \$2.5 million nonrecurring appropriation for the EnergySavers Program.

**Adjournment**

There being no further business, the committee adjourned at 12:10 p.m. after a motion duly made, seconded and unanimously adopted.

Materials distributed at the meeting are in the meeting file in the Legislative Council Service Library.